

Message Text

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ACTION TRSE-00

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FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 3924

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E.O. 11652: N/A

TAGS : OVIP (SIMON, WILLIAM), TC

SUBJECT : SECRETARY SIMON'S VISIT TO THE UAE

REF: STATE 26994

1. WE HAVE NUMBER OF COMMENTS AND SUGGESTIONS TO MAKE WITH RESPECT TO REFTEL DISCUSSING OBJECTIVES OF SECRETARY SIMON'S VISIT TO UAE.

2. WE AGREE THAT BROAD AIM OF VISIT SHOULD BE TO USE SECRETARY'S PRESENCE TO DEMONSTRATE MORE VISIBLY EMERGING CLOSER BILATERAL RELATIONSHIPS BETWEEN US AND UAE AND TO DISCUSS POSSIBILITY FOR INCREASED COLLABORATION IN VARIOUS AREAS. WE HAVE TWO OBSERVATIONS OF GENERAL NATURE IN THIS RESPECT. FIRST, TO MAKE THE MOST OUT OF SECRETARY'S LIMITED TIME HERE, IT WILL BE IMPORTANT TO FOCUS DISCUSSIONS ON THOSE AREAS THAT OFFER REAL PROSPECTS FOR EXPANDED COOPERATION AND NOT BE SIDETRACKED INTO AREAS THAT ARE LESS FRUITFUL, ALTHOUGH PERHAPS HAVING MOMENTARY PUBLIC RELATIONS APPEAL. SECOND, TO EVOKE COOPERATIVE UAEG SPIRIT IN OUR OWN POLICY OBJECTIVES,

WE ARE GOING TO HAVE TO TALK ABOUT THINGS THE UAE IS INTERESTED IN AS WELL AS WHAT THE UAE CAN DO FOR US.

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3. ON FIRST OF THESE POINTS, WE BELIEVE THAT COOPERATION IN

FIELD OF REIMBURSABLE TECHNICAL ASSISTANCE SHOULD BE PRIMARY FOCUS OF DISCUSSION ON BILATERAL RELATIONS. UAE AND ABU DHABI GOVERNMENTS HAVE ALREADY DEMONSTRATED LIVELY INTEREST IN OUR SERVICES IN VARIOUS SPECIFIC AREAS--WATER RESOURCES, CUSTOMS ADMINISTRATION, TELECOMMUNICATIONS, AND MOST RECENTLY (IN DUBAI) TOWN PLANNING. WE RECOMMEND SECRETARY SIMON MENTION THESE PROJECTS TO SHAIKH ZAYED, EXPRESS OUR GRATIFICATION THAT IT HAS BEEN POSSIBLE FOR USG TO PROVIDE TOP-FLIGHT EXPERTS IN THESE FIELDS, AS WELL AS OUR ASSURANCE THAT WE WILL DO OUR BEST TO BE SIMILARLY RESPONSIVE TO FUTURE REQUESTS. IN THIS CONNECTION SECRETARY SHOULD MENTION ARRIVAL, FOLLOWING DAY, OF BERGER TEAM AND URGE ZAYED AND HIS ADVISORS TO SEIZE OPPORTUNITY OF TEAM'S STAY HERE TO HAVE REALLY THOROUGH-GOING DISCUSSION OF AREAS IN WHICH USG COULD PROVIDE TECHNICAL ASSISTANCE.

4. WHILE MINISTERIAL FILES HERE ARE BULGING WITH NEGLECTED FEASIBILITY STUDIES, ABU DHABI GOVERNMENT IS NOW STRUGGLING TO DEVELOP MORE RATIONAL APPROACH TO PLANNING, AND IN THIS RESPECT SIMON VISIT IS TIMELY. FIVE-MAN COMMITTEE OF ABU DHABI EXECUTIVE COUNCIL MEMBERS HAS JUST BEEN APPOINTED TO SUPERVISE PREPARATION OF COMPREHENSIVE ECONOMIC PLAN FOR ABU DHABI FOR NEXT 3-5 YEAR PERIOD. WE BELIEVE IT WOULD BE OF GREAT INTEREST TO ZAYID AS WELL AS HIS KEY ADVISORS WITH WHOM SECRETARY WILL BE MEETING SEPARATELY IF SECRETARY WOULD TAKE TIME TO GIVE FRANK ASSESSMENT OF OUR EXPERIENCE TO DATE WITH ECONOMIC COMMISSIONS IN OTHER ME COUNTRIES, INCLUDING DIFFICULTIES THAT HAVE BEEN ENCOUNTERED, AND WHERE WE HAVE DECIDED MOST PROMISING AVENUES OF EFFORT LIE. OVER AND ABOVE ANY SPECIFIC ADDITIONAL AREAS OF TA COOPERATION SECRETARY AND HIS UAE INTERLOCUTORS MAY IDENTIFY, WE WOULD LIKE TO SEE SECRETARY EXPLORE WITH SHAIKH ZAYID WHETHER USG MIGHT WORK WITH EXECUTIVE COUNCIL COMMITTEE TO ASSIST ABU DHABI IN PREPARING A FRAMEWORK FOR LONG-RANGE DEVELOPMENT PLANNING, IN WHICH SEVERAL POSSIBLE MODELS OF DEVELOPMENT MIGHT BE OUTLINED WITH IMPLICATIONS OF EACH ANALYZED IN TERMS OF SECTORAL REQUIREMENTS--MANPOWER, INDUSTRIAL DIVERSIFICATION, ETC. SUCH PROJECT MIGHT BE DONE ON OUR OWN OR THROUGH PROVISION OF EXPERTS WHO COULD WORK WITH DESIGNATED UAE AUTHORITIES.

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5. WE AGREE THERE IS NO NEED FOR FORMAL JOINT COMMITTEE MECHANISM WITH UAE. UAE OFFICIALS HAVE EXPRESSED INTEREST ON OCCASION IN PAST IN SIMPLE BILATERAL US-UAE COMMITTEE WHICH MIGHT MEET SEMI-ANNUALLY TO REVIEW FULL RANGE OF BILATERAL RELATIONS. BOTH BRITISH AND FRENCH HAVE ESTABLISHED SUCH COMMITTEES HERE AND FIND THEM MARGINALLY USEFUL AS MECHANISM FOR FOLLOWING UP ON BILATERAL INITIATIVES. WHILE WE DO NOT BELIEVE THERE IS REAL NEED FOR SUCH MECHANISM, THERE IS PROBABLY NOT MUCH HARM IN ONE,

AND IT COULD BE SET UP IN MANNER THAT WOULD IMPOSE MINIMAL BURDEN ON USG. IF UAEG URGES CREATION OF SUCH COMMITTEE, WE SHOULD SAY WE ARE PREPARED TO CONSIDER ESTABLISHING ONE.

6. ON SUBJECT OF BILATERAL TRADE POTENTIAL, WHILE THERE IS NO PROBLEM WITH DISCUSSION OF SUBJECT AND EXPRESSION OF OUR DESIRE TO SEE TRADE INCREASE, WE DO NOT BELIEVE UAEG WILL HAVE ANY INTEREST IN ATTEMPTING TO ESTABLISH TRADE TARGET FOR FUTURE YEARS. UAE BUYS ITS GOODS AND SERVICES WHERE THE QUALITY IS BEST AND THE PRICE CHEAPEST, AND UNLESS USG CAN TALK SPECIFICS ABOUT HOW WE PROPOSE TO BRING DOWN PRICE OF OUR COMMODITIES AND SERVICES, UAEG WILL NOT BE INTERESTED.

7. WITH RESPECT TO SUGGESTION THAT SECRETARY ATTEMPT TO MEET WITH SHAIKH RASHED, WE PLAN TO INFORM RASHED THAT SECRETARY WILL BE IN ABU DHABI ON MARCH 4, THAT HE REGRETS HE DOES NOT HAVE TIME TO VISIT DUBAI ON THIS OCCASION, BUT THAT IF SHAIKH RASHED HAPPENS TO BE IN ABU DHABI ON THAT DATE SECRETARY WOULD LIKE TO PAY CALL ON HIM. WE THINK IT BEST TO LEAVE IT AT THIS SINCE IT IS NOT CUSTOMARY FOR RASHED TO TRAVEL TO ABU DHABI TO MEET MINISTERS OF FOREIGN COUNTRIES.

8. WE BELIEVE COOPERATION IN INVESTMENT IN AND FINANCING OF DEVELOPMENT IN LDC'S IS GOOD TOPIC FOR DISCUSSION WITH TOP UAEG OFFICIALS. WE HAVE URGED THIS AS AREA OF COOPERATION FOR SOME TIME (SEE FOR EXAMPLE OUR POLICY ASSESSMENT OF LAST YEAR (75 ABU DHABI 276). UNFORTUNATELY THERE HAS BEEN NO RESPONSE IN PRACTICAL TERMS FROM WASHINGTON AGENCIES. EXIM TEAM ONCE VISITED HERE AND AS RESULT OF ENCOURAGING DISCUSSIONS WITH ADFAED MANAGING DIRECTOR ZAKI SAID IT WOULD SEND OUT SOME LDC PROJECT FINANCING PROJECTS IN WHICH OUR TWO GOVERNMENTS MIGHT JOIN FORCES, BUT THIS WAS LAST WE EVER HEARD FROM EXIM. NOR HAVE WE RECEIVED ANY SUGGESTIONS FOR JOINT PROJECTS FROM LIMITED OFFICIAL USE

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AID IN SPITE OF CONFLUENCE OF US AND UAE POLICIES IN PROVIDING ASSISTANCE TO SUCH COUNTRIES AS EGYPT, SYRIA, YEMEN. WHILE UAEG MIGHT WELL BE RECEPTIVE TO SPECIFIC SUGGESTIONS FOR JOINT LDC PROJECTS, WE DO NOT BELIEVE IT WOULD REACT FAVORABLY TO SUGGESTION THAT THEY AGREE TO EARMARK IN ADVANCE SPECIFIC LEVEL OF FUNDS, WITHOUT REFERENCE TO PROJECTS WE HAVE IN MIND, OR COUNTRIES IN WHICH THEY ARE TO BE EXECUTED. BETTER APPROACH, IN OUR OPINION, WOULD BE FOR USG TO OFFER TO MAKE CONCENTRATED EFFORT TO IDENTIFY SPECIFIC INVESTMENT OR FINANCING OPPORTUNITIES IN ALDC'S IN WHICH BOTH US AND UAE HAVE STRONG INTERESTS. UAE OFFICIALS COULD ON THIS OCCASION BE INVITED TO IDENTIFY SUCH

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TO SECSTATE WASHDC 3925

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COUNTRIES. IF IT IS POSSIBLE FOR SECRETARY SIMON TO ARRIVE WITH SPECIFIC PROJECTS SUGGESTIONS, THAT WOULD BE EVEN BETTER. SINCE ASSISTANCE TO EGYPT IS AT PRESENT MAJOR PREOCCUPATION FOR UAE (ONE OF REASONS FOR FOREIGN MINISTER WAIDI'S RECENT TRIP TO SAUDI ARABIA WAS TO COORDINATE RESPONSE ON LATEST EGYPTIAN APPEAL FOR FUNDS) WE BELIEVE UAEG WOULD BE PARTICULARLY RECEPTIVE TO ANY SUGGESTIONS WE HAVE FOR COORDINATED ASSISTANCE EFFORT IN EGYPT. IN ANY EVENT, WE BELIEVE UAEG WOULD BE PREPARED TO APPROVE DEPARTURE STATEMENT OR PRESS CONFERENCE STATEMENT BY SECRETARY THAT INDICATED TWO GOVERNMENTS HAD AGREED TO COORDINATE EFFORTS TO EXTEND ASSISTANCE TO LDC'S IN MOST EFFECTIVE POSSIBLE WAY, WE WILL BE IN TOUCH WITH UAE OFFICIALS PRIOR TO VISIT TO EXPLORE DIRECTION THEY WOULD LIKE DISCUSSIONS ON THIS SUBJECT TO TAKE AND TYPE OF LANGUAGE THEY WOULD AGREE TO IN DEPARTURE STATEMENT.

9. WITH RESPECT TO POINT OF CONTACT WITHIN I GASFOR THESE CONSULTATIONS ABOUT LDC AS ISH NCC, ABU DHABI FUND FOR ARAB ECONOMIC DEVELOPMENT HAS ALREADY BEEN INDIPMUEDNW USUM

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ED READINESS TO CONSIDER ANY PROJECT WE BRING TO HIS ATTENTION.#

10. EMBASSY AGREES THAT ABU DHABI POLICIES ON FOREIGN ASSISTANCE AND INVESTMENT OF B/P SURPLUS WOULD BE APPROPRIATE SUBJECT FOR DISCUSSION DURING SIMON VISIT. ON INVESTMENT, HOWEVER, US SIDE SHOULD BE AWARE THAT ADG IS IN PROCESS OF REVAMPING ITS FOREIGN INVESTMENT MECHANISM AND MAY NOT FEEL IT IS IN POSITION TO BE VERY SPECIFIC ABOUT FUTURE PLANS.

11. WE NOTE THAT REFTEL MAKES NO MENTION OF POSSIBLE US INTEREST IN ABU DHABI PURCHASE OF TREASURY SECURITIES. WE RECALL THAT ASST SECY PARSKY BROACHED THIS SUBJECT ON HIS LAST VISIT AND WOULD APPRECIATE KNOWING WHETHER THIS WILL BE AMONG OBJECTIVES OF SIMON TRIP.

12. WITH RESPECT TO SECOND POINT IN PARA 2 ABOVE--THAT WE SHOULD BE PREPARED TO TALK ABOUT SOME OF THINGS UAEG IS INTERESTED IN-- WE BELIEVE UAE OFFICIALS GENERALLY AND MINISTER OF PETROLEUM OTAIBA IN PARTICULAR WOULD WELCOME SECRETARY'S COMMENTS ABOUT US POLICY ON GAS IMPORTS IN FUTURE. DEVELOPMENT OF ABU DHABI'S CONSIDERABLE ONSHORE GAS RESOURCES WILL BE SINGLE MOST IMPORTANT DEVELOPMENT PROJECT IN UAE DURING NEXT DECADE AND EVALUATION OF LONG-TERM POTENTIAL OF US MARKET WILL BE MAJOR FACTOR IN SHAPING PROJECT. SECOND SUBJECT OF INTEREST WOULD BE ANY INFORMATION SECRETARY CAN PROVIDE ABOUT US STRATEGIC OIL RESERVE--WHETHER USG WILL BE ACQUIRING IMPORTED OIL UNDER THIS PROGRAM AND IF SO IN WHAT MANNER.

13. FINALLY, NO MENTION IS MADE IN REFTEL ABOUT GENERAL TOPIC OF OIL PRICES. WE HAVE NOT RECEIVED ANY RECENT GUIDANCE ON SUBJECT, BUT WE ASSUME US INTEREST IN SEEING LINE HELD ON OPEC OIL PRICE IS AS STRONG AS EVER. WE OBVIOUSLY DO NOT WANT THIS TO BECOME PRIMARY FOCUS OF SECRETARY'S DISCUSSIONS HERE, BUT FAILURE OF SECRETARY TO RESTATE US VIEWS ON THIS POINT--GIVEN HIS RECOGNIZED ROLE IN ENERGY MATTERS--WOULD BE NOTICED HERE AND WOULD BE INTERPRETED AS SIGN OF DIMINISHED US CONCERN. WITH CURRENT PRICE LEVEL UP FOR REVIEW AT NEXT OPEC MEETING IN MAY, SECRETARY'S VISIT HERE OBVIOUSLY PROVIDES BEST OPPORTUNITY WE LIMITED OFFICIAL USE

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WILL HAVE TO RESTATE OUR VIEWS WITH GREATEST IMPACT.STERNER

NOTE BY OC/T: PARAGRAPH 9 # AS RECEIVED. CORRECTION TO FOLLOW.

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